

Arizona Municipal Power Users Association

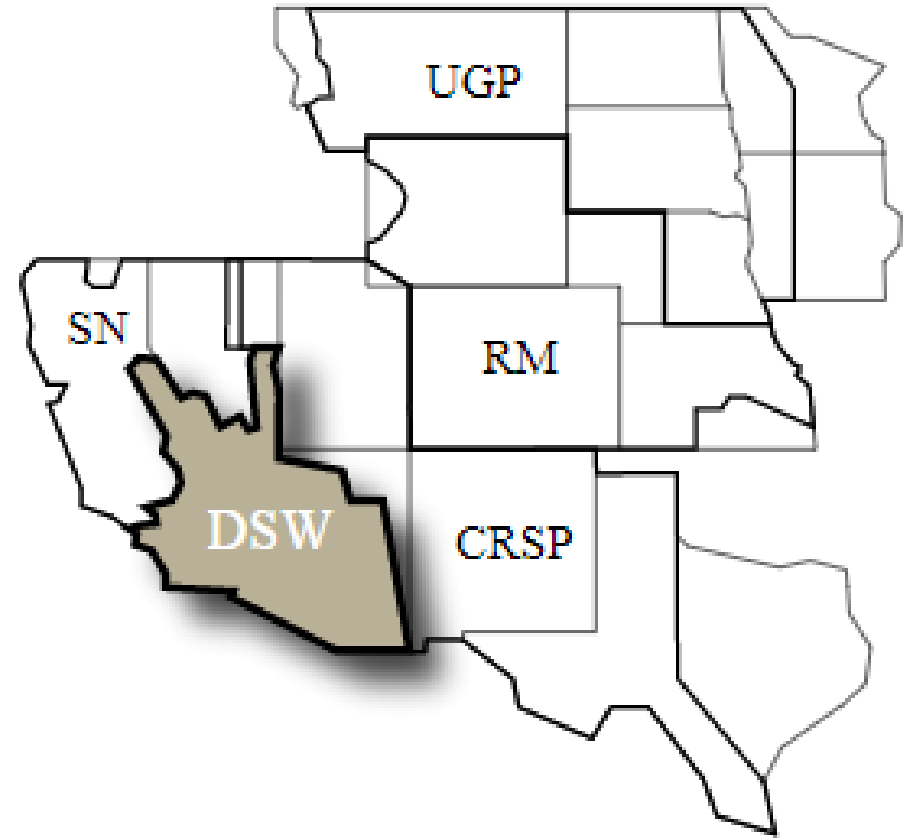
Jack Murray

April 1, 2022



Leadership Changes at DSW

- August 2021, Tracey LeBeau selected as WAPA's Administrator
- Currently filling the DSW Senior Vice President and Regional Manager position
- In the interim, Jack Murray then Scott Lund were selected as Acting Senior Vice President and Regional Managers



2021 Accomplishments and Events



- Study and decision to join CAISO's Energy Imbalance Market (EIM)
- Interconnected a 425 MW wind farm with 250 MW of transmission service
- Prevented outages from wildland fires such as the Backbone Fire
- Performed critical maintenance for grid reliability – Mead Breaker 998



2021 Accomplishments and Events

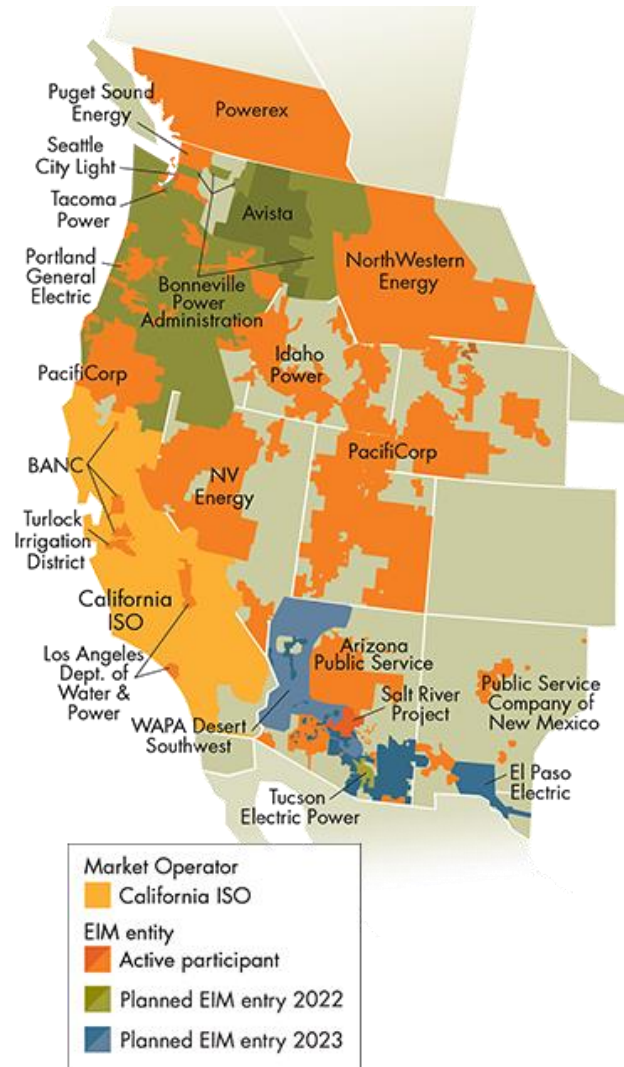
- Rate Stability:
 - Boulder Canyon Project +3%
 - Central Arizona Project N/C
 - ED5-PVH Project N/C
 - Intertie Project N/C
 - Parker-Davis Project Gen +11%
 - Parker-Davis Project Tran +5%



What's Ahead in 2022?



Energy Imbalance Market



- Implementation agreements with CAISO signed Fall of 2021
- Participation beginning April of 2023
- Engaged Utilicast and other contract support to assist with implementation
- Tasks:

Network Model

Metering Upgrades

Energy Accounting Systems

Scheduling Systems

Outage Submission Systems

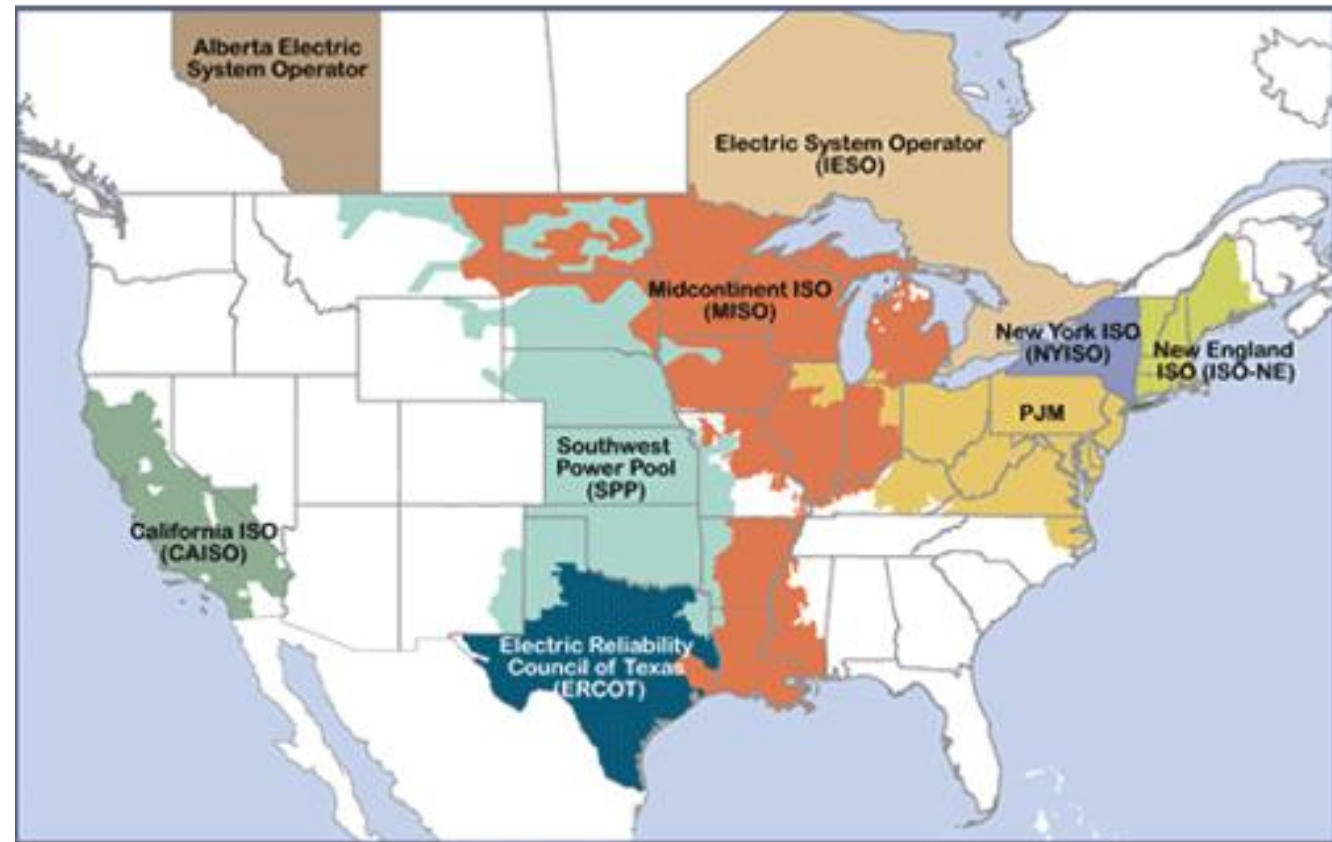
Rate Schedules

OATT Revisions

Staffing/Training

Other Market Activities

- CAISO's Extended Day-Ahead Market (EDAM)
- SPP's Markets+
- SPP's Regional Transmission Organization (RTO)
- Western Markets Exploratory Group (WMEG)



Parker-Davis Project Marketing



- Current power contracts expire 2028
- Considering:
 - How much to market?
 - Changes to service?
 - How it will be marketed?
- Difficult decisions that are further complicated by poor hydrology
- Renewed engagement in 2022



Combined Transmission Rate



- One Transmission Rate (OTR)
- Single price applicable to all DSW transmission systems:
 - Central Arizona Project
 - ED5-PVH Project
 - Intertie Project
 - Parker-Davis Project
- Increases efficiency, reduces pancaked service, encourages additional sales, enhances financial and rate stability

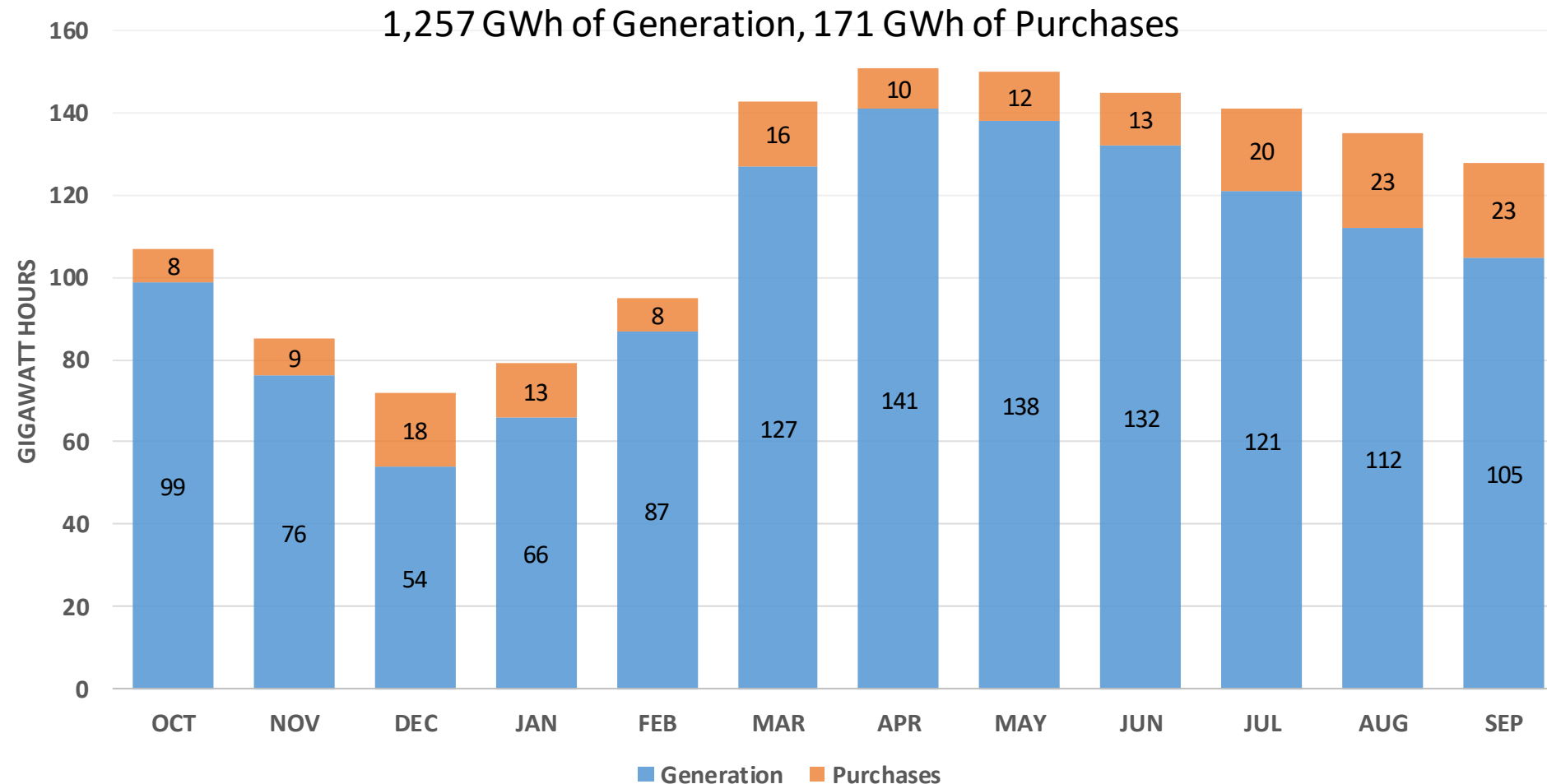


Drought Mitigation

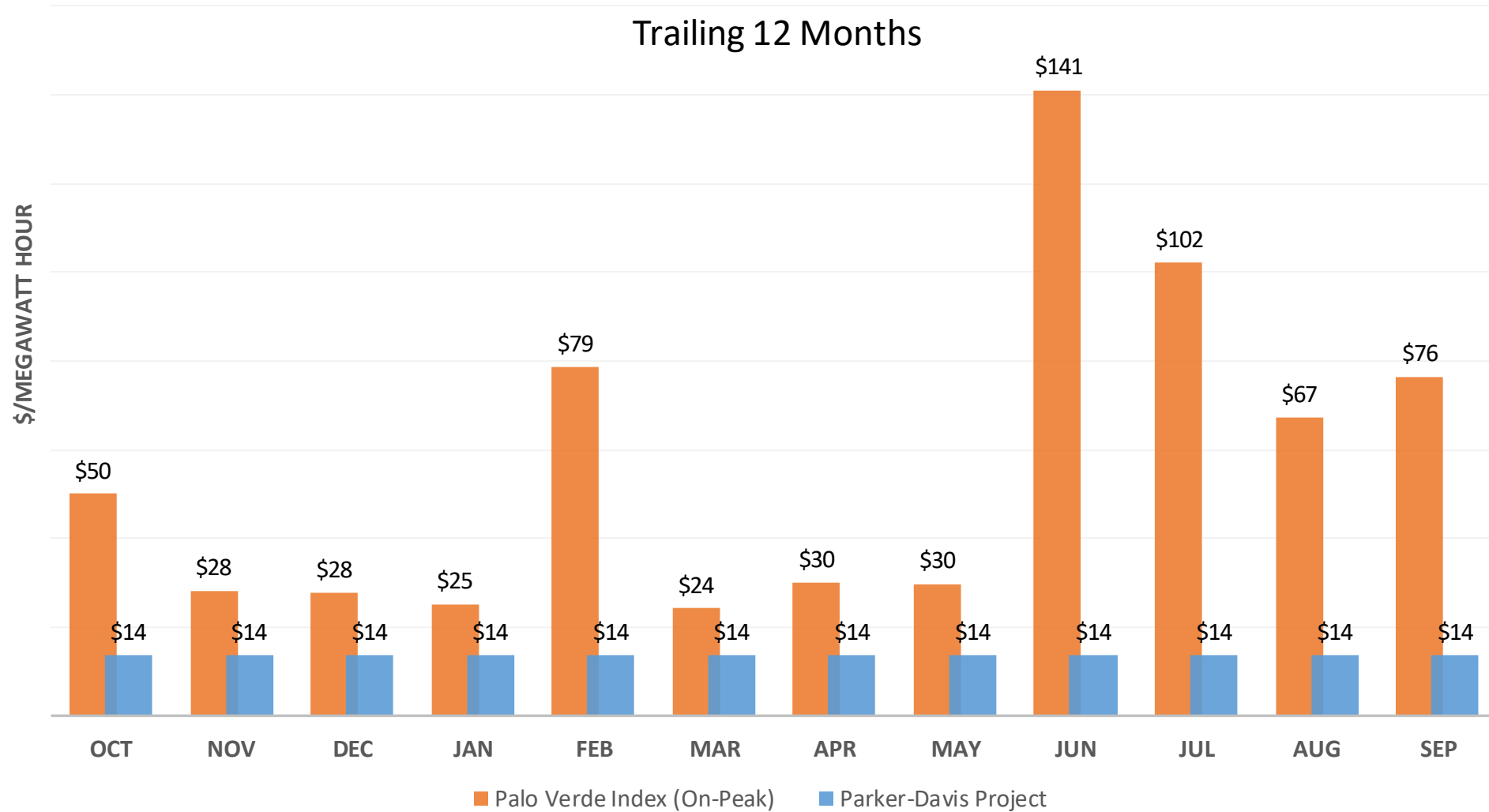
- Continued dialogue regarding ideas
- Three-fold approach with Reclamation and WAPA:
 - Improve value of products
 - Increase revenues
 - Decrease costs
- Many successes to date, but we need to do more



Parker-Davis Project – FY 2022 Forecast



Price of Purchases



Cost of Purchases

Decreasing Price Certainty



Year	GWh	Purchase Cost (millions)	% of Typical Operating Cost
2022	171	\$20.3	110%
2023	96	\$8.2	45%
2024	116	\$8.6	47%
2025	134	\$9.8	53%
2026	140	\$10.2	55%
2027	159	\$11.1	60%
2028	171	\$11.7	63%
2029	176	\$11.8	64%
2030	169	\$11.3	62%



Drought Cost Estimate (2022 – 2030)

Boulder Canyon Project (Hoover)	Millions
Direct Rate Impact	\$170
Replacement Power	461
Renewable Energy Certificates (NV)	5
Green House Gas (CA)	30
Ancillary Services	139
Resource Adequacy (CA)	14
Total	\$819

Parker-Davis Project	Millions
Replacement Power	\$44
Renewable Energy Certificates (NV)	1
Total	\$45



Customer Visits

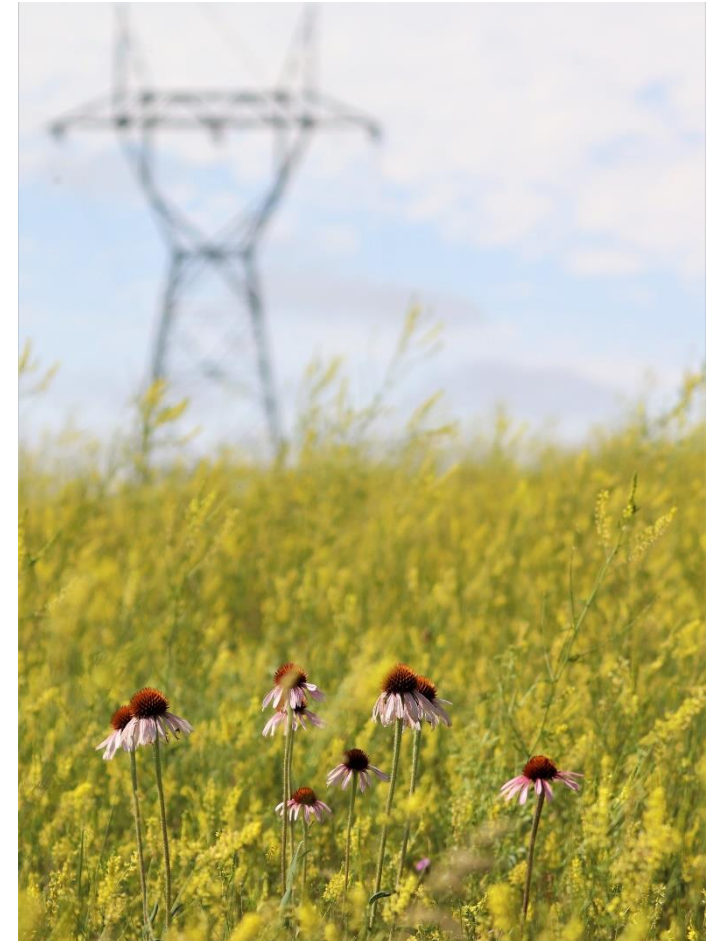


- We would like to visit your offices
- Introduce you to new members of our management team and meet your new staff
- Renew our partnerships and learn how we can better serve you



Other Leadership Updates

- Scott Lund was selected as DSW's Industry Restructuring Advisor
- Michelle Fink selected as DSW's Program and Regulatory Advisor
- Mike Simonton is DSW's Acting VP of Transmission System Assets
- Ron Klinefelter is Acting General Counsel
- Tina Ko is Acting Chief Operating Officer



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